

IRS News Release

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Excise Fuel Tax

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WASHINGTON — The Internal Revenue Service and the Treasury Department have issued guidance today to ensure the collection of the appropriate amount of tax on imported gasoline, diesel fuel and kerosene.

"When Americans pay their taxes, they need to know their neighbors and competitors are doing the same," said IRS Commissioner Mark W. Everson. "Non-registered fuel dealers can expect to see stepped up enforcement of compliance with the laws governing imported fuels."

"We have found that abusive situations exist with regard to fuel imports," said Acting Assistant Secretary for Tax Policy Greg Jenner. "Some of the fuel dealers liable for the tax on imported gasoline, diesel fuel, and kerosene are not registered as required under IRS regulations and are not paying the tax on imported fuel. This not only gives noncompliant dealers a competitive advantage over their compliant competitors, but it also deprives the United States Treasury of revenue intended for the Highway Trust Fund."

The temporary regulations being issued today provide that importers and unregistered dealers are jointly and severally liable for the tax on fuel imported for unregistered dealers. Under existing Customs rules, the IRS will be able to collect any tax that is not paid by either the importer or the unregistered dealer by charging the importer's Customs bond. Importers can avoid liability for the tax and the possibility of collection from their Customs bond by doing business only with fuel dealers that are registered with the IRS. The temporary regulations provide a certification procedure that importers can use to verify a fuel dealer's registration.

"The temporary regulations issued today are an important step in halting the nonpayment of taxes due on imported fuel," said Kevin Brown, Commissioner of the IRS Small Business/Self-Employed Division.